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VON KRIES, W. *Seezollverwaltung und Handelsstatistik in China*. Probleme der Weltwirtschaft, 13. (Jena: Fischer. 1913. Pp. x, 110.)

SCHAUWECKER, C. *Der schweizerische Weinhandel unter dem Einflusse der gegenwärtigen Wirtschaftspolitik*. Zürcher volkswirtschaftliche Studien, 6. (Zürich: Rascher & Co. 1913. Pp. 294. 9 m.)

WEKERLE, A. *Die passive Handelsbilanz*. (Vienna: Manz. 1913. Pp. 26. 0.85 m.)

——— *Handbook of the port of Boston, 1913*. (Boston: Chamber of Commerce. 1913. Pp. 265. 50c.)

Accounting, Business Methods, Investments, and the Exchanges

The Stock Exchange from Within. By WILLIAM C. VAN ANTWERP. (New York: Doubleday, Page and Company. 1913. Pp. 459, illustrated. \$1.50.)

The Value of Organized Speculation. By HARRISON H. BRACE. Hart, Schaffner, & Marx Prize Essays, XIV. (Boston: Houghton Mifflin Company. 1913. Pp. xii, 290. \$1.50.)

Die New Yorker Fondsbörse. Ihre Geschichte, Verfassung und Wirtschaftliche Bedeutung. By KURT FREIHERR VON REIBNITZ. (Jena: Gustav Fischer. 1912. Pp. 126. 4 m.)

The Elements of Speculation. By THOMAS GIBSON. (New York: The Gibson Publishing Company. 1913. Pp. 149. \$1.00.)

Effektenbörsen. By RICHARD PASSOW. Materialien für das Wirtschaftswissenschaftliche Studium, Vol. II. (Leipzig: B. G. Teubner. 1912. Pp. 148. 2.50 m.)

The books by Mr. Van Antwerp and Mr. Brace are both to a certain extent the result of the renewed agitation in recent years against speculative markets and the widespread demand for their control or abolition by legislative action. Mr. Van Antwerp writes frankly with the object of answering these arguments, although he states that he is speaking purely as an individual stockholder and not as representing the authorities of the New York Stock Exchange. To his experience as a stockbroker is added an earlier experience as a journalist, which makes the book extremely readable. Naturally, both because of his own position as a member of the exchange and because of irritation with the very unjust and unintelligent criticisms which have been brought against the speculative market, his leaning is toward a minimizing of all the evils of speculation and a full presentation of its benefits. On the whole, however, he keeps a very sound balance

and the book may be heartily recommended for the soundness of its views as well as for its skill of presentation.

He has read somewhat widely both in the history of organized speculation and in the theories of economists regarding its functions, and quotes freely and pertinently from leading authorities. He scarcely attempts to elaborate an original theory of his own. The book, perhaps, would be somewhat stronger if in his earlier chapters on the function of speculation he had brought out more clearly the problem of risk in economic affairs and the way in which different risks have to be met by different methods. On the general theory, most of what he says is already familiar to those who are acquainted with the literature of the subject. His personal experience is better reflected in a chapter on cautions and precautions, in which he well points out many of the popular misunderstandings, and also in a very entertaining chapter called *The Day on 'Change*.

One might wish that from his personal experience he had discussed a little more fully the actual differences of opinion that prevail among members of the exchange as to just what kind of conduct is legitimate under their own code of ethics. He is quite justified in pointing out how much higher this code is today than it was twenty years ago and in holding that the exchange should be judged by its present standards. At the same time, there is a real difference of opinion between different elements in the exchange membership on many of these matters. One point where such difference occurs is regarding the practice of "making a market" for a new security by somewhat artificial manipulation. This is defended by some members of the exchange as a mere advertising of wares, and yet it is the present tendency of the best element in the exchange to look upon such practices with growing disfavor. The author discusses this question, but not quite so frankly or fully as interested readers would desire.

A useful chapter summarizes the history of the attempts to control speculative markets by legislation. In many ways the most valuable and original chapter of the book is that in which the author contrasts the practices of the London exchange and those of the New York Stock Exchange, in which he discusses the various points with clearness and force. His conclusion seems to be, regarding the most striking difference as to daily settlements versus fortnightly settlements, that the New York method tends to keep down extravagant speculation and to prevent insolvency,

while, on the other hand, it is largely responsible for the great fluctuations in the rates for call money. He suggests that a time may come when the New York Exchange will put in force a combination of a daily settlement of differences with a periodical delivery of stock; a suggestion of particular interest to the present reviewer since he made the same proposal nearly twenty years ago.

It may seem ungracious to criticize a minor matter in so admirable a book, but the reader is frequently surprised to see references to "Governor" White or "ex-Governor" White when the author is quoting from our oldest and best-beloved economist. To be sure another Horace White was governor of New York a few months after the resignation of Governor Hughes, but it is a somewhat discouraging commentary on fame in the field of disinterested public service that so intelligent a man as Mr. Van Antwerp should mix them up.

The book by Mr. Brace is much more difficult reading and more confused in its form of presentation. On the other hand, it is the more serious and original of the two. The first chapter or two are somewhat disappointing, dealing with the value, the history, and the features of organized speculation. It seems as if the author, by a different arrangement, could have brought out much more clearly the character of speculative transactions; and, frequently, somewhat simple matters which are quite essential to the understanding of the reader not familiar with what is being described are entirely omitted or left to be taken up later.

On the other hand, his chapters on the effect of speculation on prices and the indirect effects of speculation are original in treatment and show a great deal of careful thought. His conclusion regarding prices is that the tendency of speculation is not to lower the prices of products, as has been so commonly charged in recent attacks on the speculative markets, but rather to raise the prices of such commodities or securities as are dealt in on the organized exchanges. The reasons for this he thinks are threefold: first, the psychological fact that speculators are naturally bullish; secondly, the necessity of maintaining reserve stocks to make possible the delivery on short contracts; and, third, the interest of brokers to persuade the public that prices are going up, since an advancing market means large trading.

It is not possible to enter into an analysis of the author's contention in the limits of a brief review. The problem would have been made somewhat clearer if he had considered the difference

between producer's price and consumer's price. Unquestionably the speculative market brings these two prices nearer together and may have the effect of increasing the price to the farmer while diminishing the price to the consumer. His answer to the popular fallacy is thorough and convincing. He seems, however, to have gone somewhat too far in the opposite direction. None the less, what he has to say may be read with interest and care by the serious student of the question.

In the chapter entitled *Indirect Effects*, he challenges a theory of the present reviewer, frequently expressed and as frequently criticized, that the active participation of the outside public in the speculative market is necessary to give the market that breadth without which it cannot perform its proper function. He does this after careful thought and in the kindest manner. Although the reviewer is not convinced that his own position is incorrect, he freely recognizes the author's forceful presentation of the other view.

Dr. Von Reibnitz's study of the New York Stock Exchange does not require detailed notice. It covers little that is not perfectly familiar already to the American reader. It takes up the history of the stock exchange in relation to different panics, but makes no searching analysis. In fact, it does little more than chronicle the fluctuations of prices and the general market conditions of the time. His section on the economic service of the stock exchange to the United States adds nothing new. It is chiefly a statement of how large a part of the material wealth of the country is represented by transferable shares and the need of some market for them. In the book are to be found such exaggerated statements as that ninety per cent of all Americans speculate. His description of the organization of the New York Stock Exchange and the methods of dealing is satisfactory enough but brief.

A personal reference may perhaps be allowed. The writer of this review a few months after the panic of 1907 wrote a brief article, entitled *Some Lessons of the Panic*, for the "Yale Review." In this he enumerated a number of supposed causes to which the panic had been attributed by the yellow press, including the charge that it was purposely brought about by a few dominating financiers with the object of filling their own pockets through the general crash. This was then dismissed as being too absurd to be worthy of argument, and the real causes of the panic

were considered. Imagine his surprise on reading the following sentence on page 78 of this monograph: "Henry C. Emery, now chairman of the Tariff Board, calls their conduct a premeditated plot on the part of unscrupulous financiers to topple over the structure of credit for their own ultimate advantage." After that discovery he may perhaps be pardoned for refusing to recommend Dr. Von Reibnitz for strict accuracy.

Mr. Gibson's book is somewhat misleading in its title. In the first few pages he makes several sane remarks on the nature of speculation in general, but the bulk of the book is devoted to a consideration of the two factors which, in his opinion, are most influential in determining the course of speculative prices on the stock market. These are the condition of the crops and the condition of the money market. There is nothing very new in the discussions of either of these factors, but they contain suggestions which are interesting as coming from a veteran writer on these subjects, who is also a man of affairs. Even more interesting are the reflections of his experience in his chapters on stop-loss orders and mental characteristics. In general, he gives much sound advice to those who are inclined to tempt their fate in the speculative market, barring the advice to stay out altogether. In a chapter on the future of our railroad securities he takes a somewhat roseate view of the situation. It is rather surprising to find a writer of so much practical knowledge drawing conclusions from the fact that the average rate of interest on railroad bonds has fallen in the last twenty years. He gives the average rate for 1910 as 3.79 per cent. Prices of railroad securities for the future are not determined only by what they are now paying on money borrowed long ago, but rather by the rate they will have to pay in the future on money borrowed at the present time. The author seems to neglect this point entirely.

The little volume edited by Dr. Passow needs no comment. It is a convenient collection of documentary material for those who wish to refer first-hand to the German law regulating stock exchanges and the regulations and rules of various German exchanges themselves, including also one or two leading court decisions. The editor makes practically no comments on the material which he publishes.

H. C. EMERY.